# RULE-MAKING ORDER

**CR-103P (May 2009)**
**(Implements RCW 34.05.360)**

**Agency:** Department of Revenue

**Permanent Rule Only**

**Effective date of rule:**
**Permanent Rules**
☐ 31 days after filing.
☒ Other (specify) January 1, 2015 **( If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)**

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**
☒ Yes ☐ No If Yes, explain: The Department is adopting these rules with an effective date of January 1st because these rules provide rates used for refunds and property valuations during 2014.

**Purpose:**

- WAC 458-18-220 ***Refunds – Rate of interest*** provides the rate of interest that applies to tax refunds made pursuant to RCW 84.69.010 through 84.69.090 in accordance with RCW 84.69.100, and also to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030. This rule has been amended to provide the rate of interest to be used when refunding property taxes paid in 2014.
- WAC 458-30-262 ***Agricultural land valuation – Interest rate – Property tax component*** provides the interest rate and the property tax component used to value farm and agricultural lands classified under chapter 84.34 RCW (Open Space Program). This rule has been amended to provide the interest rate and property tax component to be used when valuing classified farm and agricultural land during the 2014 assessment year.
- WAC 458-30-590 ***Rate of inflation – Publication – Interest rate – Calculation*** provides the rate of inflation used to calculate interest on deferred special benefit assessments when farm and agricultural or timber land is removed or withdrawn from classification under chapter 84.34 RCW (Open Space Program). This rule has been amended to provide the rate of inflation used in calculating interest for deferred special benefit assessments of land removed or withdrawn during 2014.

**Citation of existing rules affected by this order:**
Amended: WAC 458-18-220 **Refunds – Rate of interest**
WAC 458-30-262 **Agricultural land valuation – Interest rate – Property tax component**
WAC 458-30-590 **Rate of inflation – Publication – Interest rate - Calculation**

**Statutory authority for adoption:** RCW 84.34.360, 84.34.065, 84.34.141, and 84.69.100

**Other authority :**

**PERMANENT RULE (Including Expedited Rule Making)**
Adopted under notice filed as WSR 14-21-125on October 17, 2014 (date).
Describe any changes other than editing from proposed to adopted version: **None.**

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting: **An analysis was not prepared.**

**Date adopted: December 23, 2014**

**NAME**
Dylan Waits

**SIGNATURE**

**TITLE**
Rules Coordinator

**CODE REVISER USE ONLY**

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: December 23, 2014
TIME: 9:11 AM

WSR 15-01-166

**Note: If any category is left blank, it will be calculated as zero. No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note. A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

| | | | |
|---|---|---|---|
| **Federal statute:** | New | Amended | Repealed |
| **Federal rules or standards:** | New | Amended | Repealed |
| **Recently enacted state statutes:** | New | Amended | Repealed |

**The number of sections adopted at the request of a nongovernmental entity:**

| | | |
|---|---|---|
| New | Amended | Repealed |

**The number of sections adopted in the agency's own initiative:**

| | | |
|---|---|---|
| New | Amended 3 | Repealed |

**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

| | | |
|---|---|---|
| New | Amended | Repealed |

**The number of sections adopted using:**

| | | | |
|---|---|---|---|
| **Negotiated rule making:** | New | Amended | Repealed |
| **Pilot rule making:** | New | Amended | Repealed |
| **Other alternative rule making:** | New | Amended | Repealed |

This rule was adopted December 23, 2014 and becomes effective January 1, 2015. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

AMENDATORY SECTION (Amending WSR 14-01-059, filed 12/13/13, effective 1/1/14)

**WAC 458-18-220 Refunds—Rate of interest.** The following rates of interest shall apply on refunds of taxes made pursuant to RCW 84.69.010 through 84.69.090 in accordance with RCW 84.69.100. The following rates shall also apply to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030. The interest rate is derived from the equivalent coupon issue yield of the average bill rate for twenty-six week treasury bills as determined at the first bill market auction conducted after June 30th of the calendar year preceding the date the taxes were paid. The rate thus determined shall be applied to the amount of the judgment or the amount of the refund, until paid:

| Year tax paid | Auction Year | Rate |
|---|---|---|
| 1984 | 1983 | 9.29% |
| 1985 | 1984 | 11.27% |
| 1986 | 1985 | 7.36% |
| 1987 | 1986 | 6.11% |
| 1988 | 1987 | 5.95% |
| 1989 | 1988 | 7.04% |
| 1990 | 1989 | 8.05% |
| 1991 | 1990 | 8.01% |
| 1992 | 1991 | 5.98% |
| 1993 | 1992 | 3.42% |
| 1994 | 1993 | 3.19% |
| 1995 | 1994 | 4.92% |
| 1996 | 1995 | 5.71% |
| 1997 | 1996 | 5.22% |
| 1998 | 1997 | 5.14% |
| 1999 | 1998 | 5.06% |
| 2000 | 1999 | 4.96% |
| 2001 | 2000 | 5.98% |
| 2002 | 2001 | 3.50% |
| 2003 | 2002 | 1.73% |
| 2004 | 2003 | 0.95% |
| 2005 | 2004 | 1.73% |
| 2006 | 2005 | 3.33% |
| 2007 | 2006 | 5.09% |
| 2008 | 2007 | 4.81% |
| 2009 | 2008 | 2.14% |
| 2010 | 2009 | 0.29% |
| 2011 | 2010 | 0.21% |
| 2012 | 2011 | 0.08% |
| 2013 | 2012 | 0.15% |
| 2014 | 2013 | 0.085% |
| 2015 | 2014 | 0.060% |

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AMENDATORY SECTION (Amending WSR 14-01-059, filed 12/13/13, effective 1/1/14)

**WAC 458-30-262 Agricultural land valuation—Interest rate—Property tax component.** For assessment year ((~~2014~~)) 2015, the interest rate and the property tax component that are to be used to value classified farm and agricultural lands are as follows:

(1) The interest rate is ((~~4.69~~)) 4.45 percent; and

(2) The property tax component for each county is:

| COUNTY | PERCENT | COUNTY | PERCENT |
|---|---|---|---|
| Adams | ((~~1.29~~)) 1.26 | Lewis | ((~~1.09~~)) 1.11 |
| Asotin | ((~~1.28~~)) 1.21 | Lincoln | ((~~1.25~~)) 1.17 |
| Benton | ((~~1.16~~)) 1.17 | Mason | ((~~1.05~~)) 1.15 |
| Chelan | ((~~1.06~~)) 1.10 | Okanogan | ((~~1.06~~)) 1.04 |
| Clallam | ((~~1.11~~)) 1.12 | Pacific | ((~~1.26~~)) 1.32 |
| Clark | ((~~1.45~~)) 1.38 | Pend Oreille | 0.90 |
| Columbia | ((~~1.16~~)) 1.11 | Pierce | ((~~1.54~~)) 1.52 |
| Cowlitz | 1.24 | San Juan | 0.68 |
| Douglas | ((~~1.21~~)) 1.15 | Skagit | ((~~1.23~~)) 1.21 |
| Ferry | ((~~0.94~~)) 0.95 | Skamania | ((~~1.06~~)) 1.03 |
| Franklin | ((~~1.30~~)) 1.29 | Snohomish | ((~~1.30~~)) 1.24 |
| Garfield | ((~~1.13~~)) 0.93 | Spokane | ((~~1.43~~)) 1.38 |
| Grant | ((~~1.37~~)) 1.33 | Stevens | ((~~0.99~~)) 0.98 |
| Grays Harbor | ((~~1.22~~)) 1.27 | Thurston | ((~~1.37~~)) 1.31 |
| Island | ((~~0.87~~)) 0.95 | Wahkiakum | ((~~0.96~~)) 0.94 |
| Jefferson | ((~~0.97~~)) 1.02 | Walla Walla | ((~~1.34~~)) 1.33 |
| King | ((~~1.19~~)) 1.16 | Whatcom | ((~~1.12~~)) 1.16 |
| Kitsap | ((~~1.22~~)) 1.24 | Whitman | ((~~1.38~~)) 1.42 |
| Kittitas | ((~~0.92~~)) 0.98 | Yakima | ((~~1.25~~)) 1.26 |
| Klickitat | ((~~0.90~~)) 0.95 | | |

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AMENDATORY SECTION (Amending WSR 14-01-059, filed 12/13/13, effective 1/1/14)

**WAC 458-30-590 Rate of inflation—Publication—Interest rate—Calculation.** (1) **Introduction.** This section sets forth the rates of inflation discussed in WAC 458-30-550. It also explains the department of revenue's obligation to annually publish a rate of inflation and the manner in which this rate is determined.

(2) **General duty of department—Basis for inflation rate.** Each year the department determines and publishes a rule establishing an annual rate of inflation. This rate of inflation is used in computing the interest that is assessed when farm and agricultural or timber land, which are exempt from special benefit assessments, is withdrawn or removed from current use classification.

(a) The rate of inflation is based upon the implicit price deflator for personal consumption expenditures calculated by the United States Department of Commerce. This rate is used to calculate the rate of interest collected on exempt special benefit assessments.

(b) The rate is published by December 31st of each year and applies to all withdrawals or removals from farm and agricultural or timber land classification that occur the following year.

(3) **Assessment of rate of interest.** An owner of classified farm and agricultural or timber land is liable for interest on the exempt special benefit assessment. Interest accrues from the date the local improvement district is created until the land is withdrawn or removed from classification. Interest accrues and is assessed in accordance with WAC 458-30-550.

(a) Interest is assessed only for the time (years and months) the land remains classified under RCW 84.34.020 (2) or (3).

(b) If the classified land is exempt from the special benefit assessment for more than one year, the annual inflation rates are used to calculate an average rate of interest. This average is determined by adding the inflation rate for each year the classified land was exempt from the special benefit assessment after the local improvement district was created. The sum of the inflation rates is then divided by the number of years involved to determine the applicable rate of interest.

(c) Example. A local improvement district for a domestic water supply system was created in January 1990 and the owner used the statutory exemption provided in RCW 84.34.320. On July 1, 1997, the land was removed from the farm and agricultural classification. An average interest rate was calculated using the inflation rates for 1990 through 1997. The owner was then notified of the amount of previously exempt special benefit assessment, plus the average interest rate.

(4) **Rates of inflation.** The rates of inflation used to calculate the interest as required by WAC 458-30-550 are as follows:

| YEAR | PERCENT | YEAR | PERCENT |
|---|---|---|---|
| 1976 | 5.6 | 1977 | 6.5 |
| 1978 | 7.6 | 1979 | 11.3 |
| 1980 | 13.5 | 1981 | 10.3 |
| 1982 | 6.2 | 1983 | 3.2 |
| 1984 | 4.3 | 1985 | 3.5 |
| 1986 | 1.9 | 1987 | 3.7 |
| 1988 | 4.1 | 1989 | 4.8 |

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| YEAR | PERCENT | YEAR | PERCENT |
|---|---|---|---|
| 1990 | 5.4 | 1991 | 4.2 |
| 1992 | 3.3 | 1993 | 2.7 |
| 1994 | 2.2 | 1995 | 2.3 |
| 1996 | 2.2 | 1997 | 2.1 |
| 1998 | 0.85 | 1999 | 1.42 |
| 2000 | 2.61 | 2001 | 1.89 |
| 2002 | 1.16 | 2003 | 1.84 |
| 2004 | 2.39 | 2005 | 2.54 |
| 2006 | 3.42 | 2007 | 2.08 |
| 2008 | 4.527 | 2009 | -0.85 (negative) |
| 2010 | 1.539 | 2011 | 2.755 |
| 2012 | 1.295 | 2013 | 1.314 |
| 2014 | 1.591 | | |